Ministry of Economic Development

2006/07 Annual Service Plan Report

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Message from the Minister and Accountability Statement

B.C.'s economy continued to grow this past year with an unemployment rate that reached 3.9 per cent in March — a 31-year record low for the third straight month. This was an exciting year for the Ministry of Economic Development with the signing of the British Columbia-Alberta Trade, Investment, and Labour Mobility Agreement; unveiling plans for the B.C. Canada Pavilion at the 2008 Beijing Summer Olympics, and the launch of the province's first mobile trades training unit.

The Ministry of Economic Development fulfilled its objectives in its 2006/07 Service Plan with a focus on workforce attraction, positioning our province as the gateway to the Asia Pacific, and preparations to showcase B.C. as an enviable place to live, work and invest through the 2010 Olympics.

Of the Government's Five Great Goals, my Ministry primarily focused on creating more jobs per capita than anywhere else in Canada. In fact, since December 2001, the economy has created 371,400 new jobs, the fastest growth rate among provinces. For the fifth straight year, the province's economy has grown faster than the national average.

B.C.'s rapid economic growth created unprecedented demand for skilled workers. My Ministry developed a new labour market strategy, WorkBC, that sets out provincial priorities and steps for how government, working with business and industry, will address skills shortages for the next five years and respond to longer-term labour market challenges.

To help B.C. seize the limitless opportunities presented by this Asia Pacific Century, my Ministry released the Asia Pacific Initiative that outlines how government will diversify B.C.'s economic ties with the Asia Pacific to leverage our advantages into long-term prosperity.

The 2006/07 Ministry of Economic Development Annual Service Plan Report compares the actual results to the expected results identified in the Ministry's 2006/07 Service Plan. I am accountable for those results as reported.

Honourable Colin Hansen
Minister of Economic Development

June 30, 2007

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Highlights of the Year

B.C. continues to lead the way in economic growth and prosperity. Since December 2001, B.C.'s unemployment rate has fallen 4.8 percentage points and, in December 2006, for the twentieth straight month, it was in single digits in every region of the province.

B.C. was only one of two provinces to see more people move in than out in the last months of 2006. British Columbia's total population in the third quarter of 2006 rose to 4,310,452 people, which is a 1.2 per cent gain over the same period in 2005. This growth rate is higher than the national average.

The B.C. Major Projects Inventory quarterly report of March 2007 reported a record 804 major capital projects, worth an estimated $124.2 billion, were planned or underway in B.C. between January and March 2007. The MPI lists all major projects that are proposed, planned and underway in the province, and helps researchers, analysts and businesses plan their projects and make timely economic forecasts.

Ministry's achievements for its core business areas in 2006/07 included:

Internal Trade

- The two provinces signed the British Columbia-Alberta Trade, Investment, and Labour Mobility Agreement at the 4th annual joint British Columbia-Alberta Cabinet meeting in Edmonton on April 28, 2006. The agreement will give businesses and workers in both provinces seamless access to a larger range of opportunities across all sectors including energy, transportation, labour mobility, business registration, and government procurement.

Asia Pacific

- The provincial government expanded the successful Provincial Nominee Program to bring even more skilled and business immigrants to British Columbia.
- The Asia Pacific Trade Council released its first report, from the China/Hong Kong Market Advisory Group, and its second from the India Market Advisory Group.
- The Asia Pacific Initiative and action plan was finalized in 2006/07. By 2020, the annual economic benefit of achieving the Province's goals in the region is estimated to be a $76 billion trade gain for B.C. alone.

Asia Visit

- The November 13-26, 2006 mission saw Premier Campbell visit Tokyo, Shanghai, Beijing, Hong Kong and Guangzhou; with assistance from the Ministry's International Marketing unit. The visit highlighted business opportunities in B.C.'s ports, forestry, tourism and alternative energy sectors.

Olympic Games Secretariat

- 2010 Olympic and Paralympic Winter Games Secretariat released a report by Partnerships BC that reviewed Vancouver Organizing Committee's (VANOC) venue development program. Key elements included a review of the venue costing and designs, and recommending strategies for the Province to oversee venue construction. Looking forward to 2010, that venue construction is on time and on budget.
- A Performance and Accountability Agreement was signed with VANOC in the fall of 2006 as part of a response to recommendations made in the Auditor General's review.

2010 Commerce Centre

- The B.C. Olympic and Paralympic Winter Games Secretariat's 2010 Commerce Centre celebrated its 100th 2010 Business Opportunities workshop in March.
- The B.C. Olympic and Paralympic Secretariat's 2010 Commerce Centre and RBC Financial Group translated the publication Guide for Business Opportunities in the 2010 Winter Games into Punjabi and Chinese.

Infrastructure

- The governments of Canada and British Columbia signed a new infrastructure agreement that provided $102 million in combined funding to projects in communities across B.C.

Industry Training

- The Province's Industry Training Authority has exceeded its participation performance targets for the third year in a row, increasing the number of active apprentices and trainees by 132 per cent since 2004. As of March 31, 2007, the ITA reported a total of 34,049 apprentices and 9,575 employers/sponsors offering placements.
- The Province received "Trade Routes," a mobile training unit for rural and Aboriginal communities in northern British Columbia.

WorkBC

- Spring 2007 saw the launch of the WorkBC strategy and website. WorkBC is an innovative new labour market strategy to ensure the Province's success in meeting key economic priorities and advancing B.C.'s global economic competitiveness.

Purpose, Vision, Mission and Values

Purpose

The purpose of the Ministry of Economic Development is to build a strong provincial economy that supports job creation and maximizes economic opportunities for citizens throughout the province. The Minister is also responsible for the 2010 Olympic and Paralympic Winter Games and strengthening our province as Canada's Pacific Gateway to Asia.

The Ministry supports these initiatives through partnerships, policies and programs that:

- market and promote B.C. to expand trade and investment opportunities, increase sales and exports of goods and services and encourage immigration of skilled workers and business investors;
- enhance economic development and growth by maintaining a competitive business environment, increasing diversification of regional and provincial economies, providing infrastructure for a growing economy and responding to the increasing demand for skilled labour; and
- provide leadership and oversee the Province's financial commitments required to host a successful 2010 Olympic and Paralympic Winter Games and to maximize the economic and social benefits from the Games.

The Ministry leads the Asia Pacific Initiative, a priority cross ministry initiative that provides the strategic direction for B.C. to capitalize on its Pacific Gateway advantages and to ensure B.C.'s actions are strategically oriented towards Asia — the driving force in the global economy.

The Ministry continues to work with other Ministries to pursue regulatory reform and streamline initiatives further to B.C. Competition Council recommendations. The Ministry also continues to review all government regulations and legislation to ensure they are compliant with the B.C.-Alberta Trade, Investment and Labour Mobility Agreement.

A listing of the **Crowns, Agencies, Boards and Commissions** that the Ministry oversees can be found at: http://www.ecdev.gov.bc.ca/general/relatedorgs.htm

Vision, Mission and Values

Vision

Jobs and economic prosperity for all British Columbians, in every region of the province.

Mission

The Ministry of Economic Development works for British Columbians to build the best performing economy in Canada, through maximizing the benefits B.C.'s diverse economy, its proximity to emergent opportunities in Asia, and the 2010 Olympic and Paralympic Winter Games.

Values

We are committed to ensuring economic growth, jobs and investment in the province to maintain a high quality of life for all British Columbians.

We work with, and listen to, stakeholders in all regions of B.C.

We are committed to developing new and innovative approaches.

Strategic Context

The strategic context is an assessment of the general economic environment that the Ministry and business community faced during 2006/07. It also describes some of B.C.'s challenges and opportunities in 2006/07 and in the near term.

In 2006, British Columbia's economy continued to perform at an exceptional level. Growth in GDP for 2006 is estimated to have been 3.6 per cent, higher than the 3.4 per cent rate forecast in the Balanced Budget 2006. Strong consumer spending and investment helped make British Columbia's economic growth rate the second highest among provinces in 2006.

Employment growth in 2006 was robust — an increase of 3.1 per cent over 2005 and translating into 65,000 new jobs created. This strong performance also meant that B.C. was ranked only second to Alberta in job creation for Canadian provinces. Unemployment averaged 4.8 per cent in 2006 and had decreased to only 4.6 per cent by year end, while the youth unemployment rate also declined to 8.2 per cent. Both figures are at their lowest levels in 30 years.

Total business investment (including residential) expanded by 9.5 per cent in 2006. Residential housing starts in 2006 surged to 36,400. Real investment in non-residential building construction grew by 9.2 per cent in 2006. Business machinery and equipment investment rose an estimated 14.9 per cent (inflation adjusted).

The *Budget and Fiscal Plan* released with the February 2007 Budget provides additional information on B.C.'s economic performance and outlook: http://www.bcbudget.gov.bc.ca/2007/

Key Challenges

Strong Canadian Dollar: The appreciation of the Canadian dollar slowed but continued in 2006/07. In early April 2006, the dollar was valued at 85.3 cents US and, by the end of March 2007, it had climbed to nearly 87.0 cents US. Both these figures are up from the 78.0 cents US average in 2004. The dollar also gained internationally against many of the world's other currencies.

Export Growth Rooted in the Resource Industries: Strong commodity prices have supported the province's economic and export growth. Any downturn in prices will be buffered by the strength of the service sector, which accounts for four out of five jobs in B.C. and a reduced dependence on resource extraction, which accounts for only nine per cent of employment compared to 13 per cent in 1990. The high tech sector now accounts for six per cent of GDP and continues to grow faster than the rest of the economy. The value of high tech services exports is three times that of goods and is growing four times faster.

Productivity: Improvements to productivity in B.C. have generally lagged that of other Canadian provinces and American states. The latest productivity indicators place B.C. as fifth among provinces, up slightly from last year's ranking but still significantly lower than provinces such as Alberta and Ontario. Improvements in productivity are necessary, both to fuel economic growth and raise B.C.'s standard of living.

Demographics and Skill Shortages: According to the B.C. Competition Council, human resources and skill shortage issues are the number one concern for B.C. companies. B.C.'s robust economic growth and record low unemployment rate have increased the shortage of highly-skilled people that businesses need to grow and expand. Immigration is now the key source of labour force growth in B.C. We must make good use of every labour market resource we have. New workers from within B.C. must be encouraged and hired, especially under-utilized workers such as those with disabilities, those who lack training, skilled immigrants and women.

United States Security and Trade Restrictions: Some export dependent, and goods transportation industries face market access risks from new and proposed United States anti-terrorism rules and heightened security at borders. Heightened security measures will also have an impact on security reviews conducted for prospective immigrants.

Key Economic Development Opportunities

2010 Olympic and Paralympic Winter Games: The 2010 Winter Games will open up new opportunities for investment and trade development, awareness building along with increases in tourism, and will help raise B.C.'s international profile. VANOC will purchase more than $2 billion in goods and services to stage the Games. Infrastructure investments leading up to the Games will give a significant boost to the provincial economy.

Asia Pacific Initiative: B.C. is Canada's gateway to the growing Asia Pacific region. Establishing B.C. as the pre-eminent trade and cultural hub between Asia and North America (which includes trade, commerce, education, transportation, immigration, innovation and culture) will ensure all British Columbians and Canadians benefit from our growing relationship with and proximity to the Asia Pacific. Asia's dramatic demographic changes have created a demand for not only our traditional resource products, but also new products and services in areas such as urban infrastructure design, planning and development; engineering; clean technology; health care; and tourism — all areas where B.C. has expertise and a competitive advantage.

Cost Advantages: The Ministry worked aggressively in 2006/07 to attract companies to locate facilities in British Columbia as well as to retain and expand the existing foreign-owned businesses already here. The province competed head-to-head with Canadian provinces, U.S. jurisdictions and locations in Europe and Asia. Even as the Canadian dollar appreciated, British Columbia continued to offer a significant cost advantage over the United States and G-7 countries — in industries as varied as call centres, software development, research and

development, and value-added manufacturing. This conclusion was validated by the international accounting giant, KPMG. Their report entitled "Competitive Alternatives: KPMG's Guide to International Business Costs" analyzed nine countries, 12 industries and 27 cost components.

Competitive Tax Environment: In 2006/07, B.C. further buttressed its reputation as an attractive location to live and work by announcing its third reduction of personal income tax rates since 2000. Rates were reduced by about five per cent for the 2007 tax year and 10 per cent for 2008 and subsequent years. B.C. will have the lowest personal income tax burden in Canada for individuals earning up to $108,000.

Eliminating Trade Barriers: B.C. is leading the way to eliminate barriers to internal and international trade. The B.C.-Alberta Trade, Investment and Labour Mobility Agreement is Canada's most comprehensive internal trade agreement, creating a market of 7.7 million people and Canada's second largest economy. It sends a signal to the rest of the world that B.C. and Alberta are serious about building a highly-competitive and prosperous region. B.C. is also co-chairing the development of an Action Plan on International Markets and Trade for the Council of the Federation. B.C. supports all efforts to reduce or eliminate barriers to trade and investment, particularly in Asia Pacific markets. B.C. is participating with the federal government in efforts to expand international trade opportunities for services and to achieve bilateral free trade, investment, and air transportation agreements with jurisdictions such as South Korea, Singapore, and the European Union.

Report on Performance

Performance Plan Summary Table

The following Performance Plan Summary Table summarizes the Ministry's progress with regards to its performance targets.

Goal 1: British Columbia is recognized globally as a preferred place to live, work, invest and do business, and as a key gateway for commerce on the Pacific Coast. For greater detail see pages 16 to 21.	**2006/07 Target**	**2006/07 Actual**
1.1 Increased recruitment and accelerated permanent resident status for skilled professionals and business investors.		
Number of new immigrant investors and value of their investments.	$72 M	$37.2 M NOT ACHIEVED [1]
Number of new immigrants attracted to B.C. as business immigrants or skilled workers.	1,375	2,833 EXCEEDED
1.2 Increased foreign direct investment to expand and diversify business opportunities in B.C.		
Number of investment leads identified by in-market representatives.	192	148 [2] NOT ACHIEVED
1.3 Increased availability of venture capital to encourage innovation business development in B.C.		
Venture capital growth in the province year-over-year.	$2.4 B	$2.54 B EXCEEDED

[1] Value of investments in B.C.'s share of federal Immigrant Investor Program funds allocated to provinces.

[2] Target is based on the deployment of 8 in-market representatives per year; only 4 in-market representatives were in place during 2006/07.

Goal 2: All British Columbians live in prosperous regions and are able to achieve their economic potential. For greater detail see pages 21 to 25.	**2006/07 Target**	**2006/07 Actual**
2.1 Advance economic growth and enhanced business competitiveness in every sector and region.		
Industry investment projects, assisted by the Ministry, investment $ value and new jobs created.	$7.5 B 8,000 new jobs	$9.1 B 11,512 new jobs EXCEEDED
Federal, municipal and private funds invested to match provincial investment in community infrastructure.	$70 M leveraged $35 M provincial funds	$97 M leveraged $36 M provincial funds EXCEEDED

Goal 2: All British Columbians live in prosperous regions and are able to achieve their economic potential. For greater detail see pages 21 to 25.	2006/07 Target	2006/07 Actual
2.2 Increased and accelerated credential assessments for new Canadians in trades/professions.		
Number of skilled immigrants entering the workforce through Skills Connect.	877	826 SUBSTANTIVELY ACHIEVED[1]

[1] Nine months of operation yielded 94 per cent of target or 826 applicants. Twelve month trend is for 1,080 applicants.

Goal 3: B.C. hosts a successful 2010 Olympic and Paralympic Winter Games to create a legacy of economic benefits for the province. For greater detail see pages 25 to 27.	2006/07 Target	2006/07 Actual
3.1 The Province's financial commitments to the 2010 Winter Games are met.		
Success rate in meeting milestones of the Provincial commitments to the 2010 Winter Games.	On time, on budget	On time, on budget ACHIEVED
3.2 2010 Winter Games business opportunities and jobs are maximized throughout the province .		
Cumulative total of businesses registered for the 2010 Winter Games procurement opportunities.	3,000	4,300 EXCEEDED

Goals, Objectives, Strategies and Performance Results

Goal 1: B.C. is recognized globally as a preferred place to live, work, invest and do business and as a key gateway for commerce on the Pacific Coast

Objective 1.1: Increased recruitment and accelerated permanent resident status for skilled professionals and business investors

This objective focuses on maximizing the benefits of immigration by attracting and retaining immigrants and enabling permanent resident status for skilled professionals and business investors who are best able to contribute to B.C.'s economy.

Strategies

Key strategies for this objective include:

- increase international promotional and recruitment activities to attract more qualified business immigrants and provincial nominees; and
- reduce processing time for applicants through the B.C. Provincial Nominee Program.

Performance Results

Performance Measures	2005/06 Baseline	2005/06 Actual	2006/07 Target	2006/07 Actual
Number of new immigrant investors[3] and value of their investments.[1]	119[3] $47.5 M	$58.8 M	$72 M	$37.2 M NOT ACHIEVED
Number of new immigrants attracted to B.C. as business immigrants or skilled workers.[2]	1,300	2,491	1,375	2,833 EXCEEDED

[1] **Data Source:** Ministry of Economic Development (value of investments in B.C.'s share of federal Immigrant Investor Program funds allocated to provinces).

[2] **Data Source:** Ministry of Economic Development and Citizenship and Immigration Canada statistics (federal program numbers are for the calendar year).

[3] This 2005/06 measure has been removed from the Ministry's 2007/08 Service Plan and will not be reported on in the future (see text).

Discussion of Results

Number of new immigrant investors and value of their investments

B.C. receives a share of the annual funds obtained from immigrants approved under the federal Immigrant Investor Program. These funds are held by the BC Immigrant Investment Fund, a provincial Crown corporation. The BC Immigrant Investment Fund is governed by a Board of Directors appointed by the Ministry.

This performance measure reports only the value of investments, since the number of immigrants received by B.C. through the federal Immigrant Investor Program is independent of the Province's share of the funds it receives under a federal allocation formula.

The actual amount received each year is based on B.C.'s share of Canada's population and GDP, and the total amount of investment paid into the federal Immigrant Investor Program. The amount raised each year can fluctuate significantly due to changing "push" and "pull" factors that drive business/investor immigration, competition from other countries, and the variety of Canadian immigration options available to business/investor immigrants.

The target for this measure was not achieved due a drop in funds raised under the federal Immigrant Investor Program. The result was 20 per cent below the 2005/06 baseline, but would be comparable with results for other provinces that participate in the federal Immigrant Investor Program as funding is allocated to provinces according to a fixed formula. The baseline measure for value of investments was obtained from financial reports of the BC Immigrant Investor Fund, a Crown corporation, which receives and manages the Province's allocation of the federal Immigrant Investor Program funds. The baseline year was established for 2005/06 to reflect the creation of the new fund.

Ministry Response

This measure was eliminated from the 2007/08 Service Plan as the Ministry has no influence over this activity.

Number of new immigrants attracted to B.C. as business immigrants or skilled workers

B.C. attracts business and skilled immigrants through several programs, including the B.C. Provincial Nominee Program (PNP), the federal Entrepreneur Program and the federal Immigrant Investor Program. The Province only has direct control over the B.C. Provincial Nominee Program. This program helps B.C. employers to recruit skilled workers, and also offers a business immigration alternative to the federal entrepreneur and investor programs.

This measure reports on the Province's success in attracting business immigrants and skilled workers under the B.C. Provincial Nominee Program, the federal Entrepreneur Program, and the federal Immigrant Investor Program.

The baseline measure was a forward-looking estimate by the Ministry based on B.C. Provincial Nominee Program statistics and Citizenship and Immigration Canada statistics for the federal Entrepreneur and Immigrant Investor Program. The baseline measure was established in 2005/06 to reflect significant changes in the operations of the B.C. Provincial Nominee Program.

How the 2006/07 Actual number was calculated

	2006/07 Actual
PNP Strategic Occupations	1,254
PNP Business	78
Federal Entrepreneur program	249
Federal Investor Program	1,252
TOTAL	2,833

The result for this measure substantially exceeded the target and baseline figures. Results for this measure can vary from year to year due to changing "push" and "pull" factors that drive business and skilled immigration, competition from other countries, and the variety of Canadian immigration options available to immigrants. The continuing strong performance of B.C.'s economy and a significant expansion of the B.C. Provincial Nominee Program have had a positive impact on this result.

Ministry Response

This measure has been changed in the future to only report on business and skilled immigrants approved under the B.C. Provincial Nominee Program, since the Ministry has no ability to influence immigration under federal programs.

The Ministry will continue to aggressively promote and expand the B.C. Provincial Nominee Program to ensure that the province continues to attract the skilled workers and business immigrants it needs to support continued job creation.

Objective 1.2: Increased Foreign Direct Investment to expand and diversify commercial opportunities in B.C.

This objective is aimed toward promoting the province's advantages and opportunities in order to increase trade and investments in high-growth, high-opportunity sectors. The Ministry will also focus on facilitating capital investment projects, particularly in the regions. Foreign direct investment contributes to job creation, capital investment, productivity growth, and innovation, which in turn supports economic growth.

Strategies

Key strategies for this objective include:

- leverage commercial opportunities in the Asia Pacific and the awareness of the 2010 Winter Games to increase foreign direct investment and commerce for B.C.;
- lead B.C.'s international activities with other western provinces through the Western Canada Secretariat;
- develop and implement the Asia Pacific Initiative, incorporating recommendations from the Asia Pacific Trade Council;
- identify, service, and attract foreign direct investment from international markets;
- engage B.C. representatives in the European, Asian and U.S. markets to undertake foreign direct investment attraction and trade promotion activities; and
- build stronger partnerships with key players active in Asia Pacific marketing and international business development

Performance Results

Performance Measure	2005/06 Baseline	2005/06 Actual	2006/07 Target	2006/07 Actual
Number of investment leads identified by in-market representatives	New	N/A	192[1]	148 Not Achieved

Data Source: Internal database tracking the number of corporate meetings and other activities related to investor firms and the B.C. representatives.

[1] Target is based on deployment of 8 in-market representatives per year.

Discussion of Results

Number of investment leads identified by in-market representatives.

The Ministry engages B.C. representatives in key foreign markets to undertake investment attraction and trade promotion activities on behalf of B.C. This measure represents the number of foreign direct investment leads identified by these B.C. representatives. An investment lead is defined as a company that has an investment project planned, a short list of locations, a budget assigned and a project lead.

definition: Lead

A "lead" is defined here as an investment project that has a shortlist of locations (including B.C.), a budget and corporate executives or site selectors that have visited B.C. in the course of their research.

The 2006/07 target number of investment leads identified by in-market representatives was not achieved. The baseline and target was calculated to reflect a total of eight in-market representatives in Asia, U.S., and Europe. However, at the end of 2006/07, only four in-market representatives were in place to cover these jurisdictions, therefore the Ministry's ability to meet the target was compromised. Had there been a full staff complement for all of 2006/07 it is likely that the target would have been exceeded.

Ministry Response

An additional three in-market representatives have been identified and will be fully operational in 2007/08. This should allow the Ministry to achieve its target in future years.

Objective 1.3: Increased availability of venture capital to encourage innovation business development in B.C.

This objective is aimed toward increasing the amount of venture capital available to B.C. small- and mid-size businesses. It enables them to grow and compete in fields requiring intensive research and development. Venture capital will allow companies to increase diversification and enhance their economic performance. In addition, the Ministry efforts in repealing outdated and obsolete legislation and regulations makes it easier and more efficient to raise capital, invest and do business in B.C.

Strategies

Key strategies for this objective include:

- Maximize availability of venture capital in the province.
- Performance results.

Performance Measure	2005/06 Baseline	2005/06 Actual	2006/07 Target	2006/07 Actual
Venture capital growth in the province year-over-year.	$2.2 B	$1.98 B	$2.4 B	$2.54 B EXCEEDED

Data Source: Thomson Macdonald (Venture Reporter Database). This database is based on voluntary submissions.

Discussion of Results

Venture capital growth in the province year-over-year.

This measure gauges how innovative small businesses continue to have access to capital and to attract investment capital from outside the province.

The amount of venture capital under management in British Columbia is extracted from Thomson Venture Economics Database. This national database monitors venture capital activity and investment in Canada.

The target of $2.4 billion in venture capital growth was exceeded by an additional $140 million, totaling $2.54 billion in venture capital in the province.

This measure will be enhanced for the 2006/07 – 08/09 Service Plan to provide greater clarity and include tracking of B.C.'s percentage value of total venture capital investment for all of Canada. B.C.'s share of the national venture capital investment has been increasing since 2003 at which time the province only secured 7 per cent of all venture capital invested in Canada. This figure has increased to 17 per cent since 2003, which is a significant improvement that in part can be attributed to the success of the Ministry's early stage venture capital programs.

Goal 2: All British Columbians live in prosperous regions and are able to achieve their economic potential

Objective 2.1: Advance economic growth and enhanced business competitiveness in every sector and region

This objective focuses on fostering economic growth and diversification and improving the province's business competitiveness in all provincial regions and sectors. The Ministry provides assistance for infrastructure development across the province and partners with governments and the private sector to advance growth and diversification, particularly within regional communities.

Strategies

Key strategies for this objective include:

- work with the B.C. Competition Council to conduct a comprehensive review of B.C.'s competitiveness and recommend government and private-sector actions;
- lead the implementation of economic initiatives that support government's strategic priorities and advance key sectors;
- work to remove barriers to inter-provincial trade through the Premiers' Council of the Federation, the existing national Agreement on Internal Trade, and other negotiations;
- establish regional economic development trusts to enable locally led projects to diversify their economies and to support regional alliances;
- work with key partners and investors in communities to facilitate economic development on the ground;
- continue to improve federal and provincial relationships to enhance the delivery of joint funding programs;
- lead the facilitation and negotiations across government of major industry investment projects; and
- work with the Industry Training Authority and employers to increase the number of apprentices in B.C.

Performance Results

Performance Measures	2005/06 Baseline	2005/06 Actual	2006/07 Target	2006/07 Actual
Industry investment projects, assisted by the Ministry, investment $ value and new jobs created.[1]	$7 B 7,500 new jobs	New	$7.5 B 8,000 new jobs	$9.1 B 11,512 new jobs[3] EXCEEDED
Federal, municipal and private funds invested to match provincial investment in community infrastructure.[2]	$70 M leveraged $35 M provincial funds	$201 M leveraged $93 M provincial funds	$70 M leveraged $35 provincial funds	$97 M leveraged $36 M provincial funds EXCEEDED

[1] **Data Source:** Internal statistics.

[2] **Data Source:** Actual payments from various branch programs during the 2006/07 fiscal year.

[3] Calculation accounts for additional projects and revised estimates for jobs.

Discussion of Results

Industry investment projects, assisted by the Ministry, investment $ value and new jobs created.

The Ministry works with major industry investors to clarify regulatory requirements, provide an initial single contact point where more than one regulatory agency is involved, engage with key agencies and proponents, advise on approaches to work with First Nations and assist in project and agency specific issue resolution to move projects ahead. This measure shows the total jobs created and investment value if the project becomes operational.

The target of $7.5 billion in industry investment projects was exceeded by an additional $1.6 billion, totaling $9.1 billion in industry investment in the province. Job creation through these Ministry assisted projects also surpassed its target by 3,512 new jobs.

Ministry assistance ranges from providing direct information on government programs and services to investors, assisting the investor to prepare for and complete required regulatory processes, providing advice on relationships with First Nations, and problem solving and issues resolution to move projects forward. The decision to invest remains with the investor.

Federal, municipal and private funds invested to match provincial investment in community infrastructure.

This measure gauges the success of the Ministry in maximizing the efficiency of provincial contributions in leveraging federal, municipal and private funding to support community facilities, infrastructure and other regional development projects. The basis for target setting comes from joint federal/provincial agreements.

Exceeding the target figure is a reflection of successful completion of projects by the award recipients. This is a result of the detailed technical analysis of funding requests undertaken by the Infrastructure Development Branch that ensures only those applications from groups most able to commence their projects in a timely manner are brought forward for decision.

Major Projects Inventory

The Ministry tracks both private and public investment in the province through the quarterly BCStats publication entitled the "Major Projects Inventory".

It can be accessed through the following website: http://www.bcstats.gov.bc.ca/pubs/pr_mproj.asp

Measure Eliminated: **Regional and municipal competitiveness indicators.**

This performance measure has been eliminated as regional competitiveness indicators are not a measure of the Ministry's performance, but a combination of municipal and regional policy and industry factors.

Objective 2.2: Increased and accelerated credential assessments for new Canadians in trades/professions.

This objective focuses on reducing the time it takes to assess credentials of foreign-trained immigrants and increasing the number of those who are assessed, which will accelerate placing new Canadians in skilled jobs. The degree to which skill shortages are averted will help ensure that the province has a skilled workforce and be a large determinant of B.C.'s future economic prosperity and social health.

Strategies

Key strategies for this objective include:

- work with the federal government and professional organizations to increase jobs and speed up credentialing for new Canadians in trades/professions;
- work with other Ministries, agencies and labour market partners to lead the development and implementation of a provincial labour market strategy; and
- assist new immigrants to overcome barriers to employment through the B.C. Skills Connect for Immigrants Program.

Performance Results

Performance Measure	2005/06 Baseline	2005/06 Actual	2006/07 Target	2006/07 Actual
Number of skilled immigrants entering the workforce through Skills Connect.	New program	N/A	877	826[1] Substantively Achieved

Data Source: Skills Connect database.

[1] 94 per cent of the target was attained in nine months of operation, twelve month trend is 1,080 applicants.

Discussion of Results

Number of skilled immigrants entering the workforce through Skills Connect.

This measure gauges the success of the Skills Connect program in supporting skilled immigrants to integrate into the labour force, in jobs that match their previous skills, knowledge and experience.

Program ramp-up was delayed due to relocation of the program delivery centre. As a result, Skills Connect became fully operational in July 2006. Additional program enhancements were implemented in the 2nd quarter of 2006, which resulted in increased client intake in the 3rd and 4th quarters.

Ministry Response

Estimates based on nine months of operation in 2006/07 indicate that the number of skilled immigrants receiving services through the Skills Connect program is on track to exceed the original targets.

Measure Under Development: **Number of persons assessed and time to complete assessment of credentials of persons trained abroad.**

This measure will gauge the effectiveness in reducing the time that professionals and trades persons trained abroad are credentialed and subsequently employed is a significant contributor to a skilled workforce.

This is a new measure that appears in the Ministry's 2006/07 – 2008/09 Service Plan. Performance measures and targets are currently being established and will be reported upon in the 2007/08 Annual Service Plan Report.

Goal 3: B.C. hosts a successful Vancouver 2010 Olympic and Paralympic Winter Games to create a legacy of economic benefits for the Province.

Objective 3.1: The Province's financial commitments to the 2010 Winter Games are met.

The 2010 Olympic and Paralympic Winter Games Secretariat's primary role is to provide strategic leadership, coordination and oversight to ensure the Province meets its financial, infrastructure and service commitments for the 2010 Winter Games.

Strategies

Key strategies for this objective include:

- ensure the Province's financial commitments to the 2010 Winter Games do not exceed the approved budget; and
- oversee and monitor legal structures and funding mechanisms to support Games-related initiatives.

Performance Results

Performance Measure	2005/06 Baseline	2005/06 Actual	2006/07 Target	2006/07 Actual
Success rate in meeting milestones of the provincial commitments to the 2010 Winter Games.	On time, on budget	On time, on budget	On time, on budget	Achieved

Data Source: Government of B.C. fiscal budgets.

Discussion of Results

Success rate in meeting milestones of the provincial commitments to the 2010 Winter Games.

The 2010 Olympic and Paralympic Winter Games Secretariat is the primary provincial organization responsible for ensuring B.C.'s investment in the 2010 Winter Games results in an event that is on time and within the approved budget.

This measure assesses whether project management is within standard provincial accounting and financial management practices. Performance measures assess the effectiveness of providing oversight and following the provincial financial management framework in managing the $600 million funding envelope and meeting the milestones of the provincial commitments.

Expenditures made on individual components were within the established budget.

Objective 3.2: 2010 Winter Games business opportunities and jobs are maximized throughout the province.

The Secretariat plays a key role in ensuring that opportunities associated with hosting the 2010 Winter Games are identified early and realized before, during and after the 2010 Winter Games and that these opportunities evolve into enduring legacies for communities around the province.

Strategies

Key strategies for this objective include:

- work with lead agencies and partners to provide tools and information for communities and businesses, using such tools as the 2010 Commerce Centre to pursue the 2010 Winter Games related opportunities;
- provide timely and effective issues management within the province and among partners and stakeholders;
- act as a coordination hub for provincial activities, projects and key relationships related to the 2010 Winter Games; and
- develop and deliver tools for community and stakeholder outreach.

Performance Results

Performance Measure	2005/06 Baseline	2005/06 Actual	2006/07 Target	2006/07 Actual
Cumulative total of businesses registered for the 2010 Winter Games procurement opportunities.	1,500	1,879	3,000	4,300 EXCEEDED

Data Source: 2010 Commerce Centre registration database.

Discussion of Results

Cumulative total of businesses registered for the 2010 Winter Games procurement opportunities.

This measures the effectiveness of the outreach programs to B.C. businesses for the 2010 Olympic and Paralympic Winter Games by calculating the cumulative total of businesses registered for the procurement opportunities advertised by the 2010 Commerce Centre. B.C. and Canadian businesses are able to register and receive directed information on business arising opportunities. This measure is important because it reflects the success of the 2010 Commerce Centre to engage B.C. businesses and communities.

The 2006/07 target was exceeded by an additional 43 per cent, due greatly to the success of the offered outreach programs and higher than anticipated uptake.

Report on Resources

This section provides information on the Ministry's operating expenditures, full-time equivalent (FTE) staff allocation, and capital expenditures for 2006/07. The table below and on the following page summarizes operating information for each core business area and is consistent with the Ministry's 2006/07 – 2008/09 Service Plan.

Resource Summary Table

Core Business Areas	Estimated[1]	Other Authorizations[2]	Total Estimated	Actual	Variance[3]
Operating Expenses ($000)					
Marketing and Promoting B.C.	9,530	0	9,530	8,664	(866)
Enhancing Economic Development	136,085	0	136,085	151,581	15,496
2010 Olympic and Paralympic Winter Games Secretariat	153,010	0	153,010	110,288	(42,722)
Executive and Support Services	11,203	355	11,558	12,142	585
Subtotal	309,828	355	310,183	282,676	(27,508)
Adjustment of Prior Year's Accrual[4]	0	0	0	767	(767)
Total	**309,828**	**355**	**310,183**	**281,909**	**(28,275)**

[1] These amounts have been presented for comparative purposes only, to be consistent with the presentation of the *2006/07 Estimates*.

[2] "Other Authorizations" include Supplementary Estimates, Statutory Appropriations and Contingencies.

[3] Variance is based on Actual and Total Estimated expenses.

[4] Adjustment of prior year's accruals. Amounts reflect adjustment of prior year's expense accruals, which were credited to Ministry expense and not available for the Ministry to spend.

Core Business Areas	Estimated [1]	Other Authorizations [2]	Total Estimated	Actual	Variance [3]
Full-time Equivalents (FTEs)					
Marketing and Promoting B.C.	49	0	49	48	(1)
Enhancing Economic Development	49	0	49	46	(3)
2010 Olympic and Paralympic Winter Games Secretariat	22	0	22	23	1
Executive and Support Services	29	0	29	28	(1)
Total	**149**	**0**	**149**	**145**	**(4)**
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)					
Marketing and Promoting B.C.	415	0	415	0	(415)
Enhancing Economic Development	25	0	25	0	(25)
2010 Olympic and Paralympic Winter Games Secretariat	2,229	0	2,229	1,840.7	(388.3)
Executive and Support Services	130	0	130	242.3	112.3
Total	**2,799**	**0**	**2,799**	**2083**	**(716)**

[1] These amounts have been presented for comparative purposes only, to be consistent with the presentation of the 2006/07 *Estimates*. Schedule A of the *Estimates*, presents a detailed reconciliation.

[2] "Other Authorizations" include Supplementary *Estimates*, Statutory Appropriations and Contingencies.

[3] Variance is based on Actual vs. Total Estimated expenses.

Core business areas descriptions:

Marketing and Promoting British Columbia.

This business area provides for facilitating trade and investment and communicating British Columbia's advantages and opportunities; administering and financing the Provincial Nominee Program to attract skilled immigrants; delivering effective business immigration programs to attract economic immigration clients to strategic sectors and industries in all regions of the province; showcasing British Columbia at national and international events; implementing strategies and funding organizations to promote British Columbia and achieve improvements in specific areas such as trade, science and technology; planning and managing trade missions to profile British Columbia in key markets; and assisting the private sector to leverage identified marketing opportunities. Recoveries are received from parties external to government for services provided under this business area.

Enhancing Economic Development (including the Northern Development Fund Special Account: a statutory appropriation).

This business area provides for development of comprehensive economic strategies; working with investors to facilitate economic development and job creation; managing programs and providing financial assistance to improve urban and rural infrastructure throughout the province; administering federal/provincial infrastructure and economic programs; administering immigration credential recognition programs and labour market planning; developing worker training strategies and implementing strategic labour market policies; providing funding to the Industry Training Authority; and providing support, including financial assistance, for projects, initiatives and trusts that support economic growth and diversification throughout the province. Recoveries are received from parties external to government for services provided under this business area.

The Northern Development Fund Special Account is a statutory appropriation, which is governed under the *BC-Alcan Northern Development Fund.*

2010 Olympic and Paralympic Winter Games Secretariat.

This business area provides for the 2010 Olympic and Paralympic Winter Games Secretariat to coordinate intra- and inter-governmental relations; fund initiatives that support the Olympic and Paralympic Winter Games and economic development activities related to the Games throughout the province, including support for organizations such as the Vancouver Organizing Committee. Some costs are partially recovered from external organizations for program services provided under this business area.

Executive and Support Services (including the Minister's Office, Corporate Services, Columbia Basin Trust and Reserves for Doubtful Accounts).

This business area provides for the office of the Minister of Economic Development, administration, and ministry executive support including the deputy ministers' offices, financial and human resources, legislation and administrative services, library operations, records management, and information systems. This business area provides for administrative support services for the Ministry of Energy, Mines and Petroleum Resources and operating assistance grants to the Columbia Basin Trust. This business area also provides for reserves for doubtful accounts and write-downs of investments. Recoveries are received from parties external to government for Ministry services provided for in this business area.

Explanation of variances:

1. **Enhancing Economic Development:** Due to under spending in Infrastructure grants (time lag) and major post-secondary sports facilities grants (matching funding requirements), the Division undertook some major government spending priorities when it became clear the initial under-spending would occur. These expenditures were consistent with the Division's business area description.
2. **2010 Winter Olympic Games Secretariat:** This business area was under-spent due to delays in the completion of detailed arrangements to support venue funding agreements and to timing revisions regarding medical and security funding. Both these items' budgets have been re-profiled in future years to recognize these situations.
3. **Executive and Support Services:** Increases in building occupancy costs and information technology (voice and data) support services costs were instrumental in causing this variance.

Ministry Contact Information

Staff in regional offices can assist with enquiries or can serve as local points of contact for services available to the public.

Location	Telephone	Fax	E-mail
Cariboo Region			
Cariboo Regional Office Ministry of Economic Development 200 – 1488 Fourth Avenue, Prince George, B.C. V2L 4Y2	250 565-6685	250 565-4279	ecdvCariboo@gov.bc.ca
Kootenay Region			
Kootenay Regional Office Ministry of Economic Development 1902 Theatre Road, Cranbrook, B.C. V1C 7G1	250 426-1708	250 426-1767	ecdvKootenay@gov.bc.ca
Northwest Region			
Northwest Regional Office Ministry of Economic Development 3726 Alfred Avenue, Bag 5000 Smithers, B.C. V0J 2N0	250 847-7797	250 847-7556	ecdvNorthwest@gov.bc.ca
Thompson-Okanagan Region			
Thompson-Okanagan Regional Office Ministry of Economic Development Suite 210 – 301 Victoria Street, Kamloops, B.C. V2C 2A3	250 377-2171	250 377-2150	ecdvThompsonOkanagan@gov.bc.ca
Vancouver Island and Coast Region			
Vancouver Island and Coast Regional Office Ministry of Economic Development Suite 142 – 2080 Labieux Road, Nanaimo, B.C. V9T 6J9	250 751-3227	250 751-3245	ecdvVanIslandCoast@gov.bc.ca